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SIPDIS

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SUBJECT: NIGERIAN TEXTILE MANUFACTURER UNDULY  
OPTIMISTIC ABOUT AGOA

1. (U) Summary. The US Trade and Investment Framework Agreement (TIFA) delegation and Mission econoffs visited a textile manufacturer in Zaria 13 November. A.K. Mansoori, Managing Director of Anamruh Limited, assured the visitors that Nigerian textile manufacturers will soon take advantage of AGOA opportunities. It is more likely, however, the manufacturers may find the hurdles to market entry too daunting to overcome. End Summary.

2. (U) The US delegation to the November 11 Trade and Investment Framework Agreement (TIFA) talks in Abuja, and Econoffs from Abuja and Lagos traveled to Zaria, Kaduna State, November 12 to meet with a Nigerian textile manufacturer, A.K. Mansoori, Managing Director of Anamruh Limited, and hear his views on taking advantage of AGOA opportunities.

3. (U) Mansoori said the stumbling block to successful Nigerian textile exportation is lack of affordable financing. He said this prevents manufacturers from investing in newer technologies to produce high-quality textiles at competitive world prices. When asked about other competitive disadvantages like lack of skilled workers, trained management, and the poor infrastructure in Nigeria, Mansoori gave no satisfactory reply. Instead, he dwelled on the sector's arguable potential to take advantage of AGOA export opportunities if it had access to capital.

4. (SBU) Comment: Even with the AGOA textile visa, it is unlikely that Nigeria's textile sector will be competitive on the world market. In addition to interest rates at 20-30 percent, non-competitive labor force and the excessive costs of power and transport continue to hinder manufacturers.

5. (SBU) Comment continued: Over the past decade, 75 percent of Nigerian textile factories have shut down nationwide. The remaining manufacturers are holding out, hoping for better days ahead. AGOA and the textile visa have offered hope -- albeit a thin one. The GON is sustaining this optimism by singling out the textile sector as its key focus under AGOA. For any positive movement, however, the GON would have to invest more heavily in infrastructure and banks would have to lower interest rates. For both to happen at the same time would require not only the political will and economic commitment of the GON, it would take a degree of government and private sector coordination that has heretofore been lacking. Despite Mansoori's optimism, we do not see this as being in the cards. Nigeria's textile industry will likely continue to flounder despite AGOA access. Perhaps Mansoori summed up the quandary best when he stated: "The reason for the failure of Nigeria is the Nigerian factor." End comment.

6. (U) This cable has been cleared by Embassy Abuja.

BROWNE